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Hewitt, Abram Stevens

Honest money for honest  
labor

Washington

1884

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HONEST MONEY FOR HONEST LABOR.

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REMARKS

OF

ABRAM S. HEWITT,  
OF NEW YORK,

DELIVERED IN THE

HOUSE OF REPRESENTATIVES,

APRIL 1, 1884,

ON

THE BILL TO RETIRE THE TRADE-DOLLAR.

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WASHINGTON.  
1884.

S P E C H

OP

H O N . A B R A M S . H E W I T T .

The House having under consideration the bill (H. R. 4976) for the retirement  
and recoinage of the trade-dollar—

Mr. HEWITT, of New York, said:

Mr. CHAIRMAN: I agree with the gentleman from Maine [Mr. DINGLEY] in his proposition that this House shall not sanction by any act the increase of the coining of the standard silver dollar. But I go further than the gentleman from Maine. I think the time has come when this House should put its seal of disapprobation upon the coining of one single additional standard dollar. My friend from Missouri [Mr. BLAND] has achieved, I was going to say immortality, but certainly great renown, by having identified himself with a measure which according to his view has made 85 cents' worth of silver equivalent to \$1. He has done that by a Congress which he has done it, and the vindication of lifting suspicion over our shoulders. Such experiments must always fail. If they could succeed, then my friend from Missouri has discovered the philosopher's stone which would enable us hereafter to dispense with all human efforts and to provide ourselves with all the comfort and luxuries of life by a simple act of Congress.

The gentleman from Missouri now comes into the House with another proposition, which suggests the old nursery rhyme of Mother Goose:

There was a man in our town,  
And he was wondrous wise,  
He jumped into a bramble bush  
And scratched them in his eyes;  
And when he found his eyes were out,  
With all his might and main,  
He jumped into another bush  
And scratched them in again.

[Laughter.]

The proposition which the gentleman now makes to this House is the proposition of free coining for silver. By the restricted coining which goes on under his bill of \$2,000,000 per month the Government is making a paper as he said \$300,000 of profit per month. By opening the mints to unrestricted coining he would give up the nominal profit to the amount of \$300,000 per month, but the transactional profit of 15 per cent. into the pockets of those who shall be fortunate enough to get in first through the open doors of the mint with their silver bullion. Now, Mr. Speaker, let us apply to this novel proposition the test of fact and of simple principle.

The unit of value by law in the United States is the gold dollar, weighing 25.8 grains.

Mr. WARNER, of Ohio. When was it made so? Mr. HEWITT, of New York. I do not know, but I am sure it was in 1851 that I do not wish to be interrupted. It was in 1851 that that was done. Now at 25.8 grains to the dollar an ounce of gold is worth \$18.00. By law the relative coinage value of gold and silver is as one to sixteen. Therefore the coining value of the ounce of silver is \$1.16. We are able to go into the market to buy an ounce of silver at \$1.16, and taking account of the last year, we are buying it at a little less now than \$1.01 per ounce.

What is the position of the gentleman from Missouri? That for the silver which we can buy in unlimited quantities in this or any other market in the world for 101 cents per ounce, he would pay out of the Treasury of this nation 116 cents per ounce. In other words, he would give every man who brings an ounce of silver to be coined 15 cents more in coin than the market value of that silver, and 15 cents more per ounce than it is or can be bought for by the Government for coining purposes.

Mr. BLAND. Will the gentleman yield for a moment?

Mr. HEWITT, of New York. I can not, for I have but a limited time.

Mr. BLAND. I am glad that I was more polite to the gentleman than he is to me.

Mr. HEWITT, of New York. I will yield all my time to the gentleman.

Mr. BLAND. I do not want it.

Mr. HEWITT, of New York. I will yield all my time.

Mr. BLAND. I will yield the gentleman.

Mr. HEWITT, of New York. Yes; but the gentleman had an hour, while I have but fifteen minutes.

Mr. BLAND. I will not interrupt the gentleman.

#### RESULT OF FREE COINAGE.

Mr. HEWITT, of New York. The controversy is one of fact. What would happen? Of course all the world who are now trying to sell silver for 101 cents per ounce will come to our mint, where they could sell it for 116 cents per ounce. It will be "the devil take the hindmost" in the rush to sell silver for 15 cents per ounce more than its market value.

And under his proposition the Government must take the silver and melt it down. To supply the general market there would have to be a bullion fund for that purpose. Has he ever considered the magnitude of the bullion fund which would have to be provided? There is supposed to be in existence in the world \$6,000,000,000 of silver; and the holders of the whole of that \$6,000,000,000 would rush to our mint under the gentleman's proposition. And if we were to buy it all up and keep the market in a bullion fund, what would we have to provide would have to be on the scale of magnificence proportioned to so vast an operation. It would certainly provide an outlet at once for the idle and useless fund of \$126,000,000 of silver dollars now stored at great expense in the Treasury.

It is no such thing would happen; the limitation would be the coinage capacity of our mints. To the extent of the coining capacity of our

mints, which would probably not much if any exceed the silver production of this country, which is about \$40,000,000 worth per annum, the Government would be giving 15 per cent. more than the market value of silver bullion in this or any other country.

What is the next step? The Government had thus received 116 cents per ounce of silver that was worth in the markets of the world only 101 cents per ounce who hasten to put it into some form of useful value. First of all he would prefer gold, for gold will buy everything else in every market in the world. The consequence would be that the rush for gold would immediately raise it to a premium, and the limit of that premium will be just the difference in the value of silver and gold. In other words, the premium would be 15 per cent., because, as everybody knows, gold and silver are dealt in by the money brokers all over the world on a margin of one-eighth of 1 per cent.

Then when gold went up to a premium, the next rush would be to buy commodities with silver dollars on the old standard of value, and the price of commodities would all advance. They would buy and sold to-day at gold values, and the next week at advanced with the premium on gold, and they would themselves be sold at silver values. In other words, all the necessities of life would be rapidly advanced until they would purchase as much gold as they did before the premium existed.

#### WAGES OF LABOR.

Then the workingman who receives his wage of one or two dollars per day, as the case may be, and to whom that always comes last and lowest in the column of expenses, would be compelled to buy his supplies at 15 per cent. advance. This measure, therefore, would operate as a deduction from the wages of labor of just 15 per cent.

Then what next would happen? I shall be told that this proposition would enable the poor man to pay his debts at 15 per cent. deduction from what he had agreed to pay; that this is sound in principle and a most beneficial feature of the proposition. But I have told you that the rich man is the capitalistic class and am the organ of Wall street. Now, the rich man knows how to take care of himself. The poor man does not know and can not know how to take care of himself, and we are sent here far as possible to take care of him, and it is for that reason I strive to-day to expose the fallacy of a proposition which can only have the effect of making the rich men in this country richer.

I resist, then, the proposition of the gentleman from Missouri, because, in the first place, it would rob the poor man of 15 per cent. of his present wages, measured by its purchasing power; and in the next place it would rob him of 15 per cent. of the hard earnings which he has saved against a rainy day. The rich men hold property which would rise in value with the premium on gold. They hold bonds of railroad companies, which by the letter of the contract are made payable in gold.

#### SAVINGS OF THE PEOPLE.

But all debts not payable in gold would be solvable in silver. Where are those debts, and to whom do they belong? The great leaders of this country are the savings-banks, the savings and insurance companies, and the railroads. They hold in trust the savings of the poor and the earnings of labor. Their loans are made payable in lawful money, and will be paid off in the depreciated silver which will follow its free and unlimited coinage, for in the end the silver coins can

have no greater value than the market price of the bullion from which they are coined.

Therefore when this depreciation of 15 per cent. takes place all the loans made by savings banks, trust companies, and mutual insurance companies amounting to more than \$100,000,000, representing the earnings of persons engaged in business, and the savings of clerks, the sole protection for widows and orphans would be paid off at a loss in my city and in my district of millions of dollars laboriously saved by the most deserving classes of the community, and who, since the recent decision of the Supreme Court of the Legal-tender case, have no other protection than in the wisdom of Congress.

I represent a district in which there are but few capitalists. I represent 150,000 persons who earn their daily bread by their daily labor. They are an industrial and saving constituency. Their money is in the savings-banks of the city of New York. You will be astonished to know it, but in the State of New York over \$500,000,000 of the savings of these people are to-day loaned out to be paid back in the money of the land. If that money be depreciated 15 per cent., then the people will lose 15 per cent. of their savings. And this depreciation is only the beginning of the downward course in the value of silver. The commercial world has outgrown the use of silver as a necessary tool of commerce. Gold and paper instruments of exchange have taken its place. They are better and cheaper tools of trade. Silver is relegated to its present place as a convenient subsidiary money, of which the industrial world is no longer in need so long as there is local redemption for it within the area where it circulates.

But gold pays international balances, and is and will remain the sole standard of value in the great markets of the world. Hence, Mr. Speaker, I oppose the whole proposition of the gentleman to open our mints to the free coining of silver, for the reason that thereby the nation would at once pay off on all its debts, and then force its way into this country from foreign countries now earnestly seeking an opportunity to get rid of the heavy load of silver which weighs them down and embarrasses their finances. In the Bank of France alone there are \$300,000,000 seeking a market. The German Government stopped the sale of its silver when it went below 55 pence to the ounce, and is waiting a chance to unload another one hundred millions on anybody that would buy it.

But outside of these countries, whence I have heard it said on this floor silver could not come because "the people of this country were not such fools as to buy the worthless stuff," outside of these countries are India and China, the sinks of silver for more than two thousand years. These countries get it sent to them at a premium of 15 per cent. as compared with silver in this country who could bring it to the mint here to coin it and convert it into gold, as the gentleman from Missouri would allow them to do by his proposition for free coining, would of course make all speed to gather up from all quarters the vast fund of silver in those countries, and dump it down upon the people of this land where the loss will fall upon the laboring classes who, unless we interfere, will be compelled to bear it.

Gentlemen who flatter themselves that the silver of the world will not seek the market where bullion fetches the highest price deliberately shut their eyes to the inexorable laws of trade. Silver circulates in France at the ratio of 15½ to 1 of gold only because there is no coining of silver

by the Latin Union. This coining was suspended simply to avoid the depreciation of silver coins to the bullion value which would otherwise have taken place. Give it a market at more than its bullion value, and it will be replaced with gold, as surely as the air rushes into a vacuum.

The depreciation of our silver coins, Mr. Speaker, would occur at once if the mints were now opened to the free coining of silver. What would occur at once in that event, is just as sure to occur, if you allow time enough, under the limited coining act of \$2,000,000 a month. This depreciation will be the slow but sure work of the monster steadily digging away at the foundations of the wealth and prosperity of this country, so that in a little while we shall be brought to the silver basis; and then the consequences will be as follows: The country will certainly be bankrupt if the gentlemen were able to carry out his plan of free coining at once. In that proposition he is perfectly logical. If we are to go on with the coining of silver at all, the unlimited coining which the gentleman proposes is the only defensible position, and ought to be put to effect, if it were not for the disastrous consequences which would send a flood like a deluge over the land.

But as I have said the consequences are unavoidable, whether we continue the limited coining or institute the free coining of silver. Twice in my life I witnessed the transfer in this country of vast masses of wealth from the possession of those who have created it, to the ownership of those who were shrewd or fortunate enough to profit by the situation. Once was when the legislation of an act was passed and creditors were forced to take 40 cents in payment of 100 cents which was their just due. Again, when the resumption of specie payment took place in 1879, persons who had borrowed 40 cents were forced to pay the debt with 100 cents. No tongue can describe the ruin and the misery caused by this wholesale transfer of property, the wrecks of which still survive in every State in this Union. It is because I hope to spare the sad experience of another such transfer that I oppose the bill, and the act which ought to govern the acquisition and transfer of property, that I oppose, and shall oppose, the degradation of the standard of value, whereby one class of the community, and the most deserving as it is the most helpless class, is pillaged by law for the benefit of those who live by the sweat and toil of their less fortunate and more confiding fellowmen. [Applause.]

#### APPENDIX.

##### INDIA—FALLING OFF IN THE DEMAND FOR SILVER.

The India department of finance and commerce states the silver imports and exports of India, taking its trade with all countries for the last four years (the Indian fiscal year, like the British, ending March 31), as follows:

Fiscal year.	Imports.	Exports.	Net imports.
1875-'76	\$73,622,520	\$5,301,935	\$78,320,675
1876-'77	\$71,969,495	8,115,025	\$63,853,475
1877-'78	48,005,010	8,676,215	\$39,348,715
1880-'81	26,600,780	7,117,910	\$19,482,870

Table showing increase of circulation in the United States.

Date.	Total circula- tion,	Per capita.		
		Paper.	Coin.	Total.
October 1, 1880 .....	\$1,225,359,234	\$14 10	\$10 66	\$24 76
October 1, 1881 .....	1,529,518,612	15 56	14 93	30 45
October 1, 1882 .....	1,566,659,668	15 81	15 42	31 23
October 1, 1883 .....	1,730,598,074	17 63	16 88	34 51
<i>Total circulation in United States October 1, 1883.</i>				
Gold .....			\$605,197,000	
Silver.....			240,399,000	
Paper.....			881,002,074	
Total .....			1,730,598,074	

Table showing increase of silver in the United States Treasury.

Date.	Gold.	Silver.
September 30, 1876 .....	90.2	9.8
September 30, 1877 .....	93.5	6.5
September 30, 1878 .....	83.0	17.0
September 30, 1879 .....	76.2	23.8
September 30, 1880 .....	63.3	36.7
September 30, 1881 .....	64.7	35.3
September 30, 1882 .....	55.4	44.6
September 30, 1883 .....	58.5	41.5

Table showing proportions of world's production of gold and silver.

Semi-decades.	Average yearly production.		Proportion.	Average price of silver.*
	Gold.	Silver.		
1852-1856 .....	\$145,000,000	\$40,500,000	100 to 23	61 1/4
1857-1861 .....	127,184,000	41,220,000	100 to 32	61 1/4
1862-1866 .....	123,813,000	49,755,000	100 to 39	61 1/4
1867-1871 .....	123,251,000	53,115,000	100 to 43	60 1/4
1872-1876 .....	111,383,750	69,490,682	100 to 62	57 1/4
1877-1878 .....	113,829,087	78,338,158	100 to 69	53 1/4
1879 .....	105,395,697	81,037,220	100 to 77	51 1/4
1880 .....	106,346,795	82,000,000	100 to 98	50 1/4
1881 .....	102,309,678	102,309,678	100 to 95	51 1/4
1882 .....	109,161,532	109,446,505	100 to 106	51 1/4

\*Pence per ounce in London.

[Here the hammer fell.]

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